

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Approval of Minutes of the February 2, 2000
Investment Committee, Open Session

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: March 8, 2000

INFORMATION: _____

PRESENTER(S): Chairperson

Proposed minutes of the Investment Committee Meeting held in open session February 2, 2000 are submitted on the following pages.

**PROPOSED
MINUTES OF THE
INVESTMENT COMMITTEE MEETING
OF THE
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
FEBRUARY 2, 2000
OPEN SESSION
ROBYN D. MILLER BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA**

COMMITTEE MEMBERS PRESENT

Gary Lynes, Chairperson
Yvonne Gallegos Bodle
George Fenimore
Marty Mathiesen
Lillian Raffel
Emma Zink
Phil Angelides, State Treasurer
Michael Foulkes, representing, State Controller Kathleen Connell
Curt Robinson, representing State Superintendent of Public Instruction,
Delaine Eastin
Robert Miyashiro, representing State Director of Finance
Tim Gage

OTHER BOARD MEMBERS OR REPRESENTATIVES PRESENT

Jennifer DuCray Morrill
Chris Drevalas

STAFF PRESENT

James Mosman, Chief Executive Officer
Patrick Mitchell, Chief Investment Officer
Elleen Okada, Director of Investment Admin. and External Relations
Chris Waddell, Chief Counsel
Doug Wills, Staff Counsel
Steven Tong, Director of Internal Equities
Real Desrochers, Director of Alternative Investments
Richard Rose, Principal Investment Officer
Deborah Contini, Investment Officer
Jim Hurley, Investment Officer
Mary Ann Avansino, Administrative Assistant

OTHERS PRESENT

Allan Emkin, Pension Consulting Alliance
Nori Gerardo Lietz, Pension Consulting Alliance
Doug Le Bon, Pathway Capital Management
Toni Brown, Callan
Colette Taylor, Frank Russell Company
Paul Keeler, Morgan Stanley Capital International
Beverly Carlson, CTA
Al Reyes, UTLA

Dorothy Moser, UTLA, Retired
Bill Collins, CTA
Donald Douglas, CRTA/NEA

A quorum being present, Chairperson Lynes called the open session meeting to order at 10:45 a.m.

- III. **ANNOUNCEMENTS** (Item 2)
There were no announcements.

- II. **APPROVAL OF MINUTES OF THE JANUARY 5, 2000 INVESTMENT COMMITTEE, OPEN SESSION** (Item 3)

MOTION duly made by Mr. Mathiesen, seconded by Ms. Zink and carried to approve the minutes of the January 5, 2000, Investment Committee, Open Session as presented.

- IV. **REPORT OF SUBCOMMITTEE ON CORPORATE GOVERNANCE** (Item 4)
Mr. Angelides reported that there had been a panel discussion on the Scope of Corporate Governance Activities.

BY CONSENSUS the Investment Committee accepted the report.

- V. **LEGISLATION** (Item 5)
There was nothing to report.

- VI. **PANEL DISCUSSION – UNDERSTANDING EQUITY INDEXES** (Item 6)
Mr. Mitchell introduced Ms. Taylor and Mr. Keelor. The panelists discussed the Russell and MSCI indices including index objectives, design and composition, reconstitution and rebalancing, and benchmarking.

- VII. **REPORT ON INTERNAL S&P INDEXED PORTFOLIO** (Item 7)
Mr. Tong and Ms. Contini presented a report on the progression of the internal passive domestic equity program from inception to the present.

- VIII. **GENERAL – BUDGET REPORT UPDATE** (Item 8)
Ms. Okada discussed the written report.

Chairperson Lynes recessed the meeting at 12:20 p.m.
The meeting reconvened at 1:05 p.m.

- IX. **REAL ESTATE – YEAR 2000 OVERVIEW** (Item 10)
Ms. Gerardo Lietz provided an overview of the real estate markets, public, private, debt and equity, including a historical performance overview. Discussion ensued.

- X. **ACTIVITY STATUS REPORT – REAL ESTATE** (Item 12)
Mr. Mitchell and Mr. Hurley reviewed the report and summary of the portfolio by risk type.

- XI. **GENERAL – UPDATE ON 1999/00 INVESTMENT OBJECTIVES** (Item 9)
Mr. Mitchell reviewed the written progress report on the 1999/00 Investment objectives.

- XII. **ACTIVITY STATUS REPORT – CREDIT ENHANCEMENT** (Item 11)
Mr. Rose reviewed the written report.

XIII. **ALTERNATIVE INVESTMENTS - ACTIVITY STATUS REPORT** (Item 13)

Mr. Desrochers reviewed the written report.

XIV. **REPORT OF THE CHIEF INVESTMENT OFFICER** (Item 14)

Mr. Mitchell reviewed the written report and distributed copies of the TUCS report "Total Returns of All Master Trusts for period ending December 31, 1999". CalSTRS was ranked in the 28th percentile for the past year compared to all public funds greater than \$1 billion in assets.

XV. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 15)

There were no statements from the public.

XVI. **MOVE TO CLOSED SESSION**

Chairperson Lynes recessed the meeting at 2:55 p.m. and reconvened into closed session at 3:10 p.m.

XVII. **ADJOURNMENT**

Chairperson Lynes announced that while in closed session, the Committee discussed matters pertaining to investment decisions. There being no further business to conduct, Chairperson Lynes adjourned the meeting at 3:25 p.m.

James D. Mosman, Chief Executive Officer and Secretary to the
Teachers' Retirement Board

Gary Lynes, Chairperson